

Message Text

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ORIGIN ARA-14

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DRAFTED BY ARA/CAR:ACHEWITT/BTK

APPROVED BY ARA:JABUSHNELL

LA/CAR:GGOWER

ARA/ECP:SROGERS

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FM SECSTATE WASHDC

TO AMEMBASSY PORT OF SPAIN PRIORITY

INFO AMEMBASSY KINGSTON

AMEMBASSY LONDON

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E.O. 11652: GDS

TAGS: EAID, EFIN, JM, TD

SUBJECT: CARIBBEAN ECONOMIC COOPERATION

REF: PORT OF SPAIN 1371

1. WE ARE PREPARED TO SEE AN ARRANGEMENT FOR BALANCE
OF PAYMENTS ASSISTANCE FOR JAMAICA SUPPLEMENTING THE
IMF/EFF AGREEMENT AS AN EXERCISE
SEPARATE AND APART FROM THE CARIBBEAN GROUP FOR
COOPERATION IN ECONOMIC DEVELOPMENT. THIS IS PARTLY
BECAUSE WE REGARD THE IMF AS THE PROPER INSTITUTION
FOR NEGOTIATING AND ARRANGING THE FINANCING FOR BALANCE
OF PAYMENTS SUPPORT EFFORTS, AND PARTLY BECAUSE WE
RECOGNIZE THAT THE GOTT HAS BEEN RELUCTANT TO PARTICIPATE
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IN THE CARIBBEAN GROUP AND HAS HAD A STRONG PREFERENCE
FOR A SIMILAR EXERCISE UNDER THE LEADERSHIP OF THE IMF.
THUS AN IMF-LED EXERCISE DESIGNED TO ORGANIZE SHORT-
TERM SUPPORT FOR JAMAICA IS MORE LIKELY TO BRING FORWARD
A CONTRIBUTION FROM THE GOTT THAN A SIMILAR EXERCISE
UNDER THE LEADERSHIP OF THE IBRD. IN ADDITION, WE PREFER
THAT THE CARIBBEAN GROUP FOCUS ON LONGER TERM ECONOMIC

DEVELOPMENT AND ESPECIALLY ON PROGRAMS WITH AN ELEMENT OF REGIONALITY. FINALLY, A BALANCE OF PAYMENTS ARRANGEMENT FOR JAMAICA CAN PROBABLY BE WORKED OUT QUICKER

IN THE IMF CONTEXT. WITH SUCH AN ARRANGEMENT IN PLACE BY JUNE, THE JAMAICAN SUBGROUP UNDER THE CARIBBEAN GROUP MEETING COULD FOCUS MORE FULLY ON NATIONAL AND REGIONAL DEVELOPMENT ISSUES RATHER THAN SHORT-TERM CASH FLOW PROBLEMS.

2. HOWEVER, WE WOULD PREFER NOT TO IDENTIFY THE IMF EFFORT AS A CONSORTIUM. IN FACT, IT IS MORE LIKELY TO BE A ONE-TIME EFFORT DESIGNED TO INCREASE LEVELS OF DONOR SUPPORT TO COMPLEMENT THE IMF AGREEMENT NOW BEING NEGOTIATED. WE ARE NOW EXAMINING OPTIONS (FYI - EXTREMELY LIMITED - END FYI) FOR U.S. PARTICIPATION IN THE DOLS 50 MILLION BALANCE OF PAYMENTS ASSISTANCE PROPOSAL, AND WOULD APPRECIATE ANY INDICATIONS OF POSSIBLE LEVELS AND NATURE OF PARTICIPATION OF OTHER DONORS.

3. FYI: BOTH THE DEPARTMENT AND EMBASSY KINGSTON HAVE STAYED AT ARM'S LENGTH FROM THE IMF NEGOTIATIONS WITH THE GOJ. HENCE THERE HAS BEEN VERY LITTLE CABLE TRAFFIC ON THIS SUBJECT. WE WILL CONTINUE TO KEEP YOU AS FULLY INFORMED AS WE CAN. END FYI CHRISTOPHER
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